

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of)	
)	
PUBLIC UTILITIES COMMISSION)	DOCKET NO. 2008-0273
)	
Instituting a Proceeding to Investigate)	
the Implementation of Feed-in Tariffs)	
_____)	

**COMMENTS OF ZERO EMISSIONS LEASING LLC
ON QUEUING AND INTERCONNECTION PROCEDURES**

AND

CERTIFICATE OF SERVICE

ERIK W. KVAM
Chief Executive Officer
Zero Emissions Leasing LLC
2800 Woodlawn Drive, Suite 131
Honolulu, Hawaii 96822
Telephone: (808) 371-1475

PUBLIC UTILITIES
COMMISSION

2010 MAR -8 P 2:42

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of)	
)	
PUBLIC UTILITIES COMMISSION)	DOCKET NO. 2008-0273
)	
Instituting a Proceeding to Investigate)	
the Implementation of Feed-in Tariffs)	
_____)	

**COMMENTS OF ZERO EMISSIONS LEASING LLC
ON QUEUING AND INTERCONNECTION PROCEDURES**

ZERO EMISSIONS LEASING LLC ("Zero Emissions") respectfully submits the following comments on the queuing and interconnection procedures proposed by Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. and Maui Electric Company, Limited (the "HECO Companies"), and by Clean Energy Maui LLC and Zero Emissions (collectively, "CEM/ZEL"), in the above-referenced proceeding:

I. OVERVIEW

In its Decision and Order filed September 25, 2009 (the "D&O"), the Public Utilities Commission (the "Commission") stated that feed-in tariffs ("FITs") "were a possible mechanism 'to dramatically accelerate the addition of renewable energy from new sources' and to 'encourage increased development of alternative energy projects'." *D&O* at 13. The Commission said that it "will direct the HECO Companies to adopt FITs in their respective service territories ... consistent with the principles described below." *D&O* at 17. Those principles included a requirement that the HECO Companies "adopt standards that establish when additional renewable energy can or cannot be added on an

island or region therein without markedly increasing curtailment, either for existing or new renewable projects. FIT generation should meet new load requirements and **displace fossil fuel generation** ... [emphasis added]” *D&O* at 50-51.

The National Renewable Energy Laboratory¹ has defined a “Feed-in Tariff (FIT)” as:

A renewable energy policy that typically offers a **guarantee of:**

1. **Payments** to project owners for total kWh of renewable electricity produced
2. **Access to the grid;** and
3. Stable, long-term contracts (15-20 years)

Feed-in tariffs (“FITs”) accelerate the addition of renewable energy from new sources and encourage increased development of alternative energy projects by obliging the utility to interconnect such projects (*i.e.*, a guarantee of access to the grid, provided the utility’s safety and reliability requirements are met), and by obliging the utility to purchase such renewable energy at a fixed long-term rate (*i.e.*, a guarantee of payments to project owners for total kWh of renewable electricity produced). FITs encourage accelerated development of renewable energy projects because these obligations give project developers the quantity certainty, price certainty and revenue certainty that they need to obtain financing for their projects.

In its Decision and Order, the Commission established initial caps, on the amount of as-available renewable energy (in-line hydropower, concentrating solar power, photovoltaic solar power and onshore windpower) that each of the HECO Companies

¹ Karlynn Cory, “Renewable Energy Feed-in Tariffs: Lessons Learned from the U.S. and Abroad (National Renewable Energy Laboratory, November 18, 2009), accessed at http://www.cleanenergystates.org/Meetings/RPS_Summit_09/Cory_RPS_Summit2009.pdf.

would be obliged to purchase under a FIT, in an amount equal to 5% of 2008 peak demand for each of the HECO Companies” (*D&O* at 55), based on the Commission’s view that, “Caps are an appropriate mechanism by which to limit the potential initial ratepayer consequences and reliability effects of the FIT” (*D&O* at 54).

In its Decision and Order, the Commission directed

the HECO Companies to collaborate with the other parties to craft queuing and interconnection procedures that will minimize delays associated with numerous potential FIT projects and the various interconnection studies they could require. (*D&O* at 92-93)

In referring to “the island-specific annual capacity limit” (*D&O* at 92) and the “numerous potential FIT projects” (*D&O* at 93), the Commission intended that such procedures be appropriate for a feed-in tariff obliging the utility to purchase as-available renewable energy up to the aggregate 5% system cap specified by the Commission (*D&O* at 55).

II. CLEAN ENERGY MAUI LLC AND ZERO EMISSIONS HAVE PROPOSED A QUEUING AND INTERCONNECTION PROCEDURE APPROPRIATE FOR A FEED-IN TARIFF.

Clean Energy Maui LLC and Zero Emissions have proposed a queuing and interconnection procedure, set forth at Appendix II to the CEM/ZEL proposed Schedule FIT, for determining the order in which renewable energy generators would stand in line to obtain the utility’s decision whether an interconnection requirements study (IRS) is required for the generator’s renewable energy project and, therefore, determining the order in which renewable energy generators would stand in line to sell as-available renewable energy that the utility would be obliged to purchase, under the CEM/ZEL Schedule FIT (*D&O* at 17), up to the aggregate 5% system cap specified by the Commission (*D&O* at 55). The CEM/ZEL proposed queuing and interconnection procedure complies, therefore, with the Commission’s direction “to craft queuing and interconnection procedures that

will minimize delays associated with numerous potential FIT projects and the various interconnection studies they could require” (*D&O* at 92-93).

III. INSTEAD OF PROPOSING A FEED-IN TARIFF AND A QUEUING AND INTERCONNECTION PROCEDURE APPROPRIATE FOR A FEED-IN TARIFF, THE HECO COMPANIES HAVE PROPOSED A REQUEST FOR PROPOSALS AND AN “EVALUATION AND SELECTION PROCESS” APPROPRIATE FOR A REQUEST FOR PROPOSALS.

The HECO Companies have proposed a Tier 1 and Tier 2 tariff (the “Tier 1 and Tier 2 Tariff”) under which the utility has no obligation to interconnect any renewable generation to the grid, and no obligation to purchase any renewable energy. The HECO Companies’ proposed Tier 1 and Tier 2 Tariff is not a feed-in tariff because it lacks the utility obligations for interconnection and purchase of renewable energy that create the quantity certainty and revenue certainty needed by project developers to obtain financing for new renewable energy projects.

The HECO Companies’ proposed Tier 1 and Tier 2 Tariff is essentially a request for proposals under which the utility would pick and choose how much renewable energy the utility would purchase at the fixed long-term rate set forth in the Tier 1 and Tier 2 Tariff rate schedule, pick and choose when the utility would purchase such renewable energy, and pick and choose from whom the utility would purchase such renewable energy. With the utilities’ recent proposal (in the *HECO Companies Report on Reliability Standards*) to defer all distributed generation interconnection requests under the HECO Companies’ proposed Tier 1 and Tier 2 Tariff, except for 60 MW of distributed generation on Oahu, the HECO Companies’ proposed Tier 1 and Tier 2 Tariff is now just a scaled-down version of HECO’s 2007 *Solicitation of Interest for Non-Firm Renewable Energy Projects: Island of Oahu* (the “2007 HECO RFP”) that solicited proposals for 100 MW of

renewable generation on Oahu. Zero Emissions is not aware of any renewable energy projects that have been placed in service as a result of the 2007 HECO RFP.

Instead of proposing a queuing and interconnection procedure that is appropriate for a feed-in tariff, as directed by the Commission (*D&O* at 92-93), the HECO Companies have proposed an “evaluation and selection process” (see *Hawaiian Electric Company Inc. Development of Feed-in Tariff Queuing and Interconnection Procedures and Proposal for Initial Implementation* p. 8, Attachment A to *Hawaiian Electric Companies Report on Queuing and Interconnection Procedures*, filed February 1, 2010) under which the utility would pick and choose the order in which the utility would consider requests for interconnection of renewable energy projects, that is appropriate for a request for proposals² because the HECO Companies’ proposed Tier 1 and Tier 2 Tariff is a request for proposals, not a feed-in tariff. The HECO Companies’ proposed “evaluation and selection process” does not comply with the Commission’s direction to “craft queuing and interconnection procedures that will minimize delays associated with numerous potential FIT projects and the various interconnection studies they would require” (*D&O* at 92-93), because the HECO Companies’ proposed Tier 1 and Tier 2 Tariff is not a feed-in tariff, and the HECO Companies’ proposed “evaluation and selection process” is not a queuing and interconnection procedure appropriate for a FIT. Adoption of the request for

² The 2007 HECO RFP at p. 4 provided an evaluation and selection process under which the utility is free to pick and choose the order in which the utility considers requests for interconnection of renewable energy projects:

It is anticipated that the proposed RFP will ask bidders to provide a base proposal for their project that will provide up to 100 MW of non-firm renewable energy and may also allow bidders to submit alternate proposals for larger or additional phased increments of non-firm renewable energy if they choose to do so. All properly submitted proposals will be accepted and **evaluated**. A more detailed technical analysis will be conducted based on the types of proposals received, taking into account the status of the grandfathered proposals and other activities occurring in parallel to the proposed RFP process, to determine the optimum amount of non-firm renewable energy that will be **selected** and awarded through the proposed RFP process. [emphasis added]

renewable energy project proposals contained in the HECO Companies' proposed Tier 1 and Tier 2 Tariff, and adoption of the HECO Companies' proposed "evaluation and selection process" for ordering the utility's consideration of such proposals, would be the surest way to maximize delays associated with numerous potential FIT projects and the various interconnection studies they would require.

* * * *

DATED: Honolulu, Hawaii, March 8, 2010

A handwritten signature in cursive script, reading "Erik Kvam", written over a horizontal line.

Erik Kvam
Chief Executive Officer
Zero Emissions Leasing LLC

CERTIFICATE OF SERVICE

I hereby certify that I have this date filed and served the original and eight copies of the foregoing **COMMENTS OF ZERO EMISSIONS LEASING LLC ON QUEUING AND INTERCONNECTION PROCEDURES** in Docket No. 2008-0273, by hand delivery to the Commission at the following address:

CARLITO CALIBOSO
PUBLIC UTILITIES COMMISSION
465 S. King Street, Suite 103
Honolulu, HI 96813

I further certify that copies of the foregoing **COMMENTS OF ZERO EMISSIONS LEASING LLC ON QUEUING AND INTERCONNECTION PROCEDURES** have been served upon the following parties and participants by causing copies hereof to be hand delivered, mailed by first class mail or electronically transmitted to each such party as follows:

DEAN NISHINA
EXECUTIVE DIRECTOR
DEPARTMENT OF COMMERCE
AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P.O. Box 541
Honolulu, HI 96809

2 copies
Via Hand Delivery

DARCY L. ENDO-MOTO
VICE PRESIDENT
GOVERNMENT & COMMUNITY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P.O. Box 2750
Honolulu, HI 96840-0001

Electronically Transmitted

DEAN MATSUURA
DIRECTOR, REGULATORY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P.O. Box 2750
Honolulu, HI 96840-0001

Electronically Transmitted

JAY IGNACIO
PRESIDENT
HAWAII ELECTRIC LIGHT COMPANY, INC.
P.O. Box 1027
Hilo, HI 96721-1027

Electronically Transmitted

EDWARD L. REINHARDT
PRESIDENT
MAUI ELECTRIC COMPANY, LIMITED
P.O. Box 398
Kahului, HI 96733-6898

Electronically Transmitted

ROD S. AOKI, ESQ.
ALCANTAR & KAHL LLP
120 Montgomery Street, Suite 2200
San Francisco, CA 94104

Electronically Transmitted

Counsel for HECO Companies

THOMAS W. WILLIAMS, JR., ESQ.
PETER Y. KIKUTA, ESQ.
DAMON L. SCHMIDT, ESQ.
GOODSILL ANDERSON QUINN & STIFEL
Alii Place, Suite 1800
1099 Alakea Street
Honolulu, HI 96813

Electronically Transmitted

Counsel for HECO Companies

THEODORE PECK
DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT AND TOURISM
State Office Tower
235 South Beretania Street, Room 500
Honolulu, HI 96813

Electronically Transmitted

ESTRELLA SEESE
DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT AND TOURISM
State Office Tower
235 South Beretania Street, Room 502
Honolulu, HI 96813

Electronically Transmitted

MARK J. BENNETT, ESQ.
DEBORAH DAY EMERSON, ESQ.
GREGG J. KINKLEY, ESQ.
DEPARTMENT OF THE ATTORNEY GENERAL

Electronically Transmitted

425 Queen Street
Honolulu, HI 96813

Counsel for DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT AND TOURISM

CARRIE K.S. OKINAGA, ESQ.
GORDON D. NELSON, ESQ.
DEPARTMENT OF CORPORATION COUNSEL
CITY AND COUNTY OF HONOLULU
530 S. King Street, Room 110
Honolulu, HI 96813

Electronically Transmitted

Counsel for the CITY AND COUNTY OF HONOLULU

LINCOLN S.T. ASHIDA, ESQ.
WILLIAM V. BRILHANTE, JR., ESQ.
MICHAEL J. UDOVIC
DEPARTMENT OF THE CORPORATION COUNSEL
COUNTY OF HAWAII
101 Aupuni Street, Suite 325
Hilo, HI 96720

Electronically Transmitted

Counsel for the COUNTY OF HAWAII

HENRY Q. CURTIS
KAT BRADY
LIFE OF THE LAND
76 North King Street, Suite 203
Honolulu, HI 96817

Electronically Transmitted

CARL FREEDMAN
HAIKU DESIGN & ANALYSIS
4324 Hana Highway
Haiku, HI 96708

Electronically Transmitted

WARREN S. BOLLMEIER II
PRESIDENT
HAWAII RENEWABLE ENERGY ALLIANCE
46-040 Konane Place, # 3816
Kaneohe, HI 96744

Electronically Transmitted

DOUGLAS A. CODIGA, ESQ.
SCHLACK ITO LOCKWOOD PIPER & ELKIND
Topa Financial Center
745 Fort Street, Suite 1500
Honolulu, HI 96813

Electronically Transmitted

Counsel for BLUE PLANET FOUNDATION

MARK DUDA
PRESIDENT
HAWAII SOLAR ENERGY ASSOCIATION
P.O. Box 37070
Honolulu, HI 96837

Electronically Transmitted

ISAAC H. MORIWAKE, ESQ.
DAVID L. HENKIN, ESQ.
EARTHJUSTICE
223 South King Street, Suite 400
Honolulu, HI 96813-4501

Electronically Transmitted

Counsel for HAWAII SOLAR ENERGY ASSOCIATION

RILEY SAITO
THE SOLAR ALLIANCE
73-1294 Awakea Street
Kailua-Kona, HI 96740

Electronically Transmitted

JOEL K. MATSUNAGA
HAWAII BIOENERGY, LLC
737 Bishop Street, Suite 1860
Pacific Guardian Center, Mauka Tower
Honolulu, HI 96813

Electronically Transmitted

CAROLINE BELSOM
MAUI LAND & PINEAPPLE COMPANY, INC.
P.O. Box 187
Kahului, HI 96733-6687

Electronically Transmitted

KENT D. MORIHARA, ESQ.
KRIS N. NAKAGAWA, ESQ.
SANDRA L. WILHILDE, ESQ.
MORIHARA LAU & FONG LLP
841 Bishop Street, Suite 400
Honolulu, HI 96813

Electronically Transmitted

Counsel for HAWAII BIOENERGY, LLC and
MAUI LAND & PINEAPPLE COMPANY, INC.

THEODORE E. ROBERTS
SEMPRA GENERATION
101 Ash Street, HQ 10
San Diego, CA 92101-3017

Electronically Transmitted

JOHN N. REI
SOPOGY, INC.
2660 Waiwai Loop
Honolulu, HI 96819

Electronically Transmitted

GERALD A. SUMIDA, ESQ.
TIM LUI-KWAN, ESQ.
NATHAN C. NELSON, ESQ.
CARLSMITH BALL LLP
ASB Tower, Suite 2200
1001 Bishop Street
Honolulu, HI 96813

Electronically Transmitted

Counsel for HAWAII HOLDINGS, LLC, dba FIRST
WIND HAWAII

CHRIS MENTZEL
CHIEF EXECUTIVE OFFICER
CLEAN ENERGY MAUI LLC
619 Kupulau Drive
Kihei, HI 96753

Electronically Transmitted

HARLAN Y. KIMURA, ESQ.
Central Pacific Plaza
220 South King Street, Suite 1660
Honolulu, HI 96813

Electronically Transmitted

Counsel for TAWHIRI POWER LLC

SANDRA-ANN Y.H. WONG, ESQ.
ATTORNEY AT LAW, A LAW CORPORATION
1050 Bishop Street #514
Honolulu, HI 96813

Electronically Transmitted

Counsel for ALEXANDER & BALDWIN, INC., through
its division, HAWAIIAN COMMERCIAL & SUGAR
COMPANY

DATED: Honolulu, Hawaii, March 8, 2010


ERIK KVAM